

Instructions for Form 570

Nonadmitted Insurance Tax Return

References in these instructions are to the California Revenue and Taxation Code (R&TC) and the California Insurance Code.

What's New

Round Cents to Dollars – Beginning with the 2007 tax forms, round cents to the nearest whole dollar. For example, round \$50.50 up to \$51 or round \$25.49 down to \$25.

General Information

A Purpose

Use Form 570, Nonadmitted Insurance Tax Return, to determine the tax on premiums paid or to be paid to nonadmitted insurers on contracts covering risks in California. Also, use Form 570 to file an amended return, see Section E, Amended Returns, for more information.

B Who Must Pay Nonadmitted Insurance Tax

The tax is imposed on any corporation, partnership, limited liability company, individual, society, association, organization, governmental or quasi-governmental entity, joint stock company, estate or trust, receiver, trustee, assignee, referee, or any other person acting in a fiduciary capacity who independently purchases or renews an insurance contract during the calendar quarter from an insurer, including wholly-owned subsidiaries, not authorized to transact business in California.

If you do not know if the insurer is authorized to conduct business in California, call the Franchise Tax Board (FTB) Nonadmitted Insurance Desk at (916) 845-4098 (not toll-free).

The tax will **not** be imposed on any of the following:

- Insurance coverage for which a tax on the gross premium is due or has been paid by surplus line brokers pursuant to Insurance Code Section 1775.5 (surplus lines tax).
- Gross premiums on businesses governed by provisions of Insurance Code Section 1760.5 (reinsurance of the liability of an admitted insurer and marine, aircraft, and interstate railroad insurance).
- Insurance coverage for which a tax on the gross premium is due or has been paid by risk retention groups pursuant to Insurance Code Section 132.

Agents or brokers filing a return on behalf of the insured must enter the requested information in the blank space below line 16.

C Tax Rate

The tax rate is three percent. This rate is applied to the gross premium paid or to be paid, less premiums returned because of cancellation or reduction of premium on which a tax has been paid. **Do not include a stamping fee.**

D When and Where to File

File Form 570 on or before the first day of the third month following the close of any calendar quarter during which a nonadmitted insurance contract took effect or was renewed:

Contract effective date	Return due date
January-March	June 1
April-June	September 1
July-September	December 1
October-December	March 1

Mail Form 570 and payment to:

FRANCHISE TAX BOARD
PO BOX 942867
SACRAMENTO CA 94267-0651

E Amended Returns

Use Form 570 to file an amended return. File an amended return only to correct an error on the original return.

Print "Amended Return" in red at the top of the form. Attach a copy of the original return behind the amended return and write "copy" in red across the face of the original return. When completing line 1 through line 16 of the amended return, use the amounts that should have been reported on the original return.

Amended returns must be filed within four years of the original due date or within one year from the date of the overpayment, whichever period expires later.

Do not file an amended return to claim returned premiums. See the Specific Line Instructions for line 6.

Specific Line Instructions

Private Mail Box

Include the Private Mail Box (PMB) in the address field. Write the acronym "PMB" first, then the box number. Example: 111 Main Street PMB 123.

Tax Computation

Do not show net or negative amounts on line 1 through line 5 to account for returned premiums. See line 6 for returned premiums. Only use line 1 through line 5 to report taxable premiums paid or to be paid during the calendar quarter.

Line 1 – Enter premiums paid or to be paid to a nonadmitted insurer on risks located entirely within California for contracts entered into or renewed during the calendar quarter.

Line 2a – Enter the total premiums paid or to be paid on contracts covering risks located within and outside of California for contracts entered into or renewed during the calendar quarter.

Line 2b – Enter the amount of premiums on line 2a allocated to California. You must attach a schedule showing how you determined the allocation. Include the method used for the allocation (such as property value, sales, or number of employees).

The amount of premiums allocated to California is determined by the proportion that the risk in California bears to the total risk. Use any single standard rating method in use in all states or countries where the insurance applies or, with prior approval of the FTB, any other reasonable basis.

Allocate each contract individually if more than one contract was entered into or renewed during the calendar quarter.

Line 6 – Enter three percent (.03) of the premiums returned during the calendar quarter because of cancellation or reduction of premiums on which nonadmitted insurance tax was paid.

Enter the quarter that the returned premiums were originally taxed. If the returned premiums

are from more than one quarter or policy, attach a schedule showing the amount of returned premiums from each quarter and/or policy.

Returned premiums must be claimed on a return for the calendar quarter during which the returned premiums were received. Refunds resulting from returned premiums must be claimed within four years from the date of cancellation or reduction of premium.

If you are an agent or broker filing this return on behalf of the insured, the refund will be mailed to you in the name of the insured if a signed Power of Attorney (POA) is on file allowing FTB to do so.

Line 8 – Enter any payments made before filing the return. If the return is being filed after the due date, see the instructions for line 11.

Line 10 – If the amount on line 5 is more than the amount on line 9, subtract line 9 from line 5 and enter the balance on line 10, you have tax due. If the amount on line 9 is more than the amount on line 5, subtract line 5 from line 9 and enter the result in brackets on line 10, your credits exceed your tax.

Line 11 – If you do not pay the tax due by the due date, a penalty of 10% of the amount of tax due will be imposed. Enter 10% of the amount of tax not paid by the due date. (A penalty of 25% of the amount of tax due will be imposed when nonpayment or late payment is due to fraud.)

Line 12 – Interest will be charged on any late payment and penalty from the due date to the date paid. Interest compounds daily and the interest rate is adjusted twice a year. If you do not include interest with your late payment or include only a portion of it, the FTB will compute the interest and bill you for it.

Line 13 – Enter the total amount due. Make your check or money order payable to the "Franchise Tax Board." Be sure to write the calendar quarter (March, June, September, or December), the applicable taxable year, Form 570, and your social security number, individual taxpayer identification number, California corporation number, or FEIN on the check or money order. **Check the EFT box if you made your payment by EFT (corporations only).**

Line 15 – Enter the amount of overpayment to be credited to your next return.

Additional Information

You can download, view, and print California tax forms and publications from our Website at www.ftb.ca.gov.

If you have questions, contact: FTB Nonadmitted Insurance Desk at (916) 845-4098 (not toll-free) or call the Withholding Services and Compliance automated number at (888) 792-4900.

Assistance for Persons with Disabilities: We comply with the Americans with Disabilities Act. Persons with hearing or speech impairments call TTY/TDD (800) 822-6268.

Asistencia para personas discapacitadas: Nosotros estamos en conformidad con el Acta de Americanos Discapacitados. Personas con problemas auditivos pueden llamar al TTY/TDD (800) 822-6268.